



Republican Policy Committee

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Clinton's 1 Percent Medi-Scare Dodge

NOTE: *This paper includes estimates of Medicare spending prepared by the Office of Management and Budget (OMB). OMB estimates are used only to underscore the fact that the White House's own estimates of President Clinton's spending proposals are strikingly similar to CBO's estimates of proposed Medicare spending under the Balanced Budget Act.*

President Clinton has used Medicare as his excuse to not balance the budget, to shutdown the federal government, and to raid retirement trust funds in order to pay for more federal borrowing. However, when you compare the Medicare spending numbers in Congress' balanced budget bill as estimated by CBO and the Medicare spending numbers in President Clinton's budget as estimated by OMB (his new estimator of choice), the difference is just \$9.5 billion over seven years. **That's less than one percent!** In fact, if Mr. Clinton really wanted to spend more on Medicare in 1996, 1997, or 2002 he would support our budget. In fact, in the year 2002, Congress spends over \$3 billion more than the President proposes.

It is time President Clinton quit using the transparent Medicare excuse and admitted that he simply doesn't want to balance the federal budget and that he's willing to do anything — from shutting down the federal government to raiding retiree trust funds for more borrowing — or say anything — claiming a large difference between Congress' and his own Medicare spending where virtually none exists — to avoid signing a balanced budget.

- The difference between CBO's estimate of our Medicare spending and OMB's estimate of President Clinton's is just \$9.5 billion over seven years.
- That \$9.5 billion amount is just a six-tenths of one percent difference.
- In the year 2002, Congress' Medicare spending would be \$3.4 billion higher than President Clinton's: \$295.4 billion versus \$292 billion.
- In the first two of the seven years — 1996 and 1997 — Congress' Medicare spending is also higher than Mr. Clinton's.
- Congress' average annual rate of Medicare spending growth is 6.8 percent while President Clinton's is 7.0 percent — both are well over twice the projected rate of inflation.
- Under Congress' plan, average spending per beneficiary would increase from \$4,800 today to \$7,200 in 2002 — a 50 percent increase.

Medicare Gross Outlay Projections

(In billions of dollars. Figures may not add due to rounding.)

CBO estimate of 1995 Medicare outlays

Mandatory*	178
Discretionary	3
Total	181

Congress' Balanced Budget Plan

November 17 CBO Estimates

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>1996-2002</u>
Mandatory*	196	210	217	226	248	267	289	1653
Discretionary	3	3	3	3	3	3	3	21
GME Trust Fund**	0	1.1	1.3	2.0	2.6	3.1	3.4	13.5
Total	199	214.1	221.3	231	253.6	273.1	295.4	1687.5

President Clinton's Budget

July 14 OMB Estimates

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>1996-2002</u>
Mandatory	172	186	199	213	227	243	260	1500
Premiums	20	22	24	26	27	28	29	176
Discretionary	3	3	3	3	3	3	3	21
Total	195	211	226	242	257	274	292	1697

* Includes premiums

** New teaching hospitals and graduate medical education trust fund

The Bottom Line on Medicare Spending

- ▶ Difference between Clinton and Congress in nominal dollars = \$9.5 billion over 7 years
- ▶ Difference between Clinton and Congress as a percentage = 0.6 percent
- ▶ Congress' 1996-2002 average annual rate of growth = 6.8 percent
- ▶ Clinton's 1996-2002 average annual rate of growth = 7.0 percent

Estimated Beneficiaries

CBO March 95 Estimates

(In millions of individuals)

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Part A Enrollment	37	37.6	38.2	38.7	39.2	39.6	40.2	40.7

Average spending per beneficiary = Gross outlays minus discretionary outlays

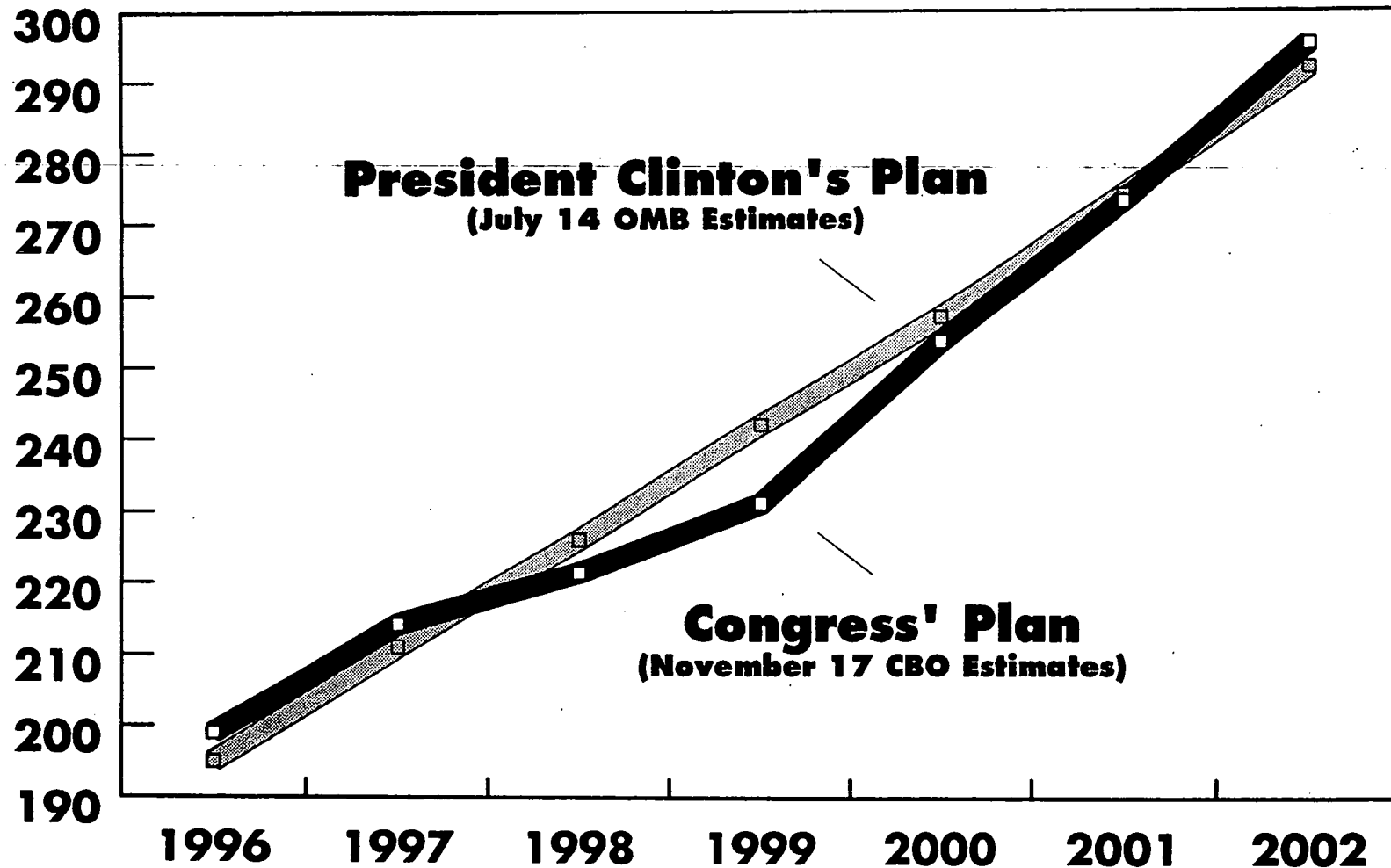
Current 1995 = \$4,811

Congress in 2002 = \$7,184

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Gross Medicare Spending

**Congress' Balanced Budget Plan
vs. President Clinton's Budget**



**Under Congress' Plan and Under Clinton's Plan,
Average Medicare Spending per Beneficiary
Would Increase 50 Percent in Seven Years.**

